

NEWS WRAP

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Pursuant to President Roosevelt's "sphere of influence" and the Monroe Doctrine (1823), USA has never appreciated outsiders in the Latin American hemisphere. Though opposed by Latin American nationalists, USA and Europe continue to be the biggest traders and investors in Latin America, as a whole, compared to China, India or Russia. Now a shared diplomatic interest in a multipolar world and mutually beneficial economic and business ties have resulted in a closer relations between China and Latin America. The Chinese metals giant, Chinalco is developing a copper mine in the Peruvian Andes, at a cost of \$2.2 billion. The first shipments of copper from Toromocho mine will be transported by rail and truck, to a new \$70 million wharf, in the port of Callaw, from where the shipping route would spread across the Pacific to China. With Brazil's manufacturing exports declining sharply in the recession, China has become Brazil's biggest single export market in 2009. China Development Bank and Sinopec, a Chinese oil company will advance loans to Brazil's state-controlled oil company, Petrobras \$10 billion, in return for up to 200,000 barrels of crude oil per day, for ten years, from Brazil's new deep-sea fields.

The currency-swap arrangements between China and Argentina, involves use of yuan worth \$10 billion. China National Petroleum Corporation and CNOOC, another oil firm have acquired 84% stake (value \$17 billion) in YPF, Argentine's biggest oil company, owned by Spain's Repsol. China has lent Jamaica \$ 138 million, to counter a debt default. Stakes in oilfields in Ecuador and Venezuela have been purchased by China. An oil refinery is being built by China in Costa Rica. South American countries are big producers of raw materials. The demand for raw materials by India and China has raised world prices for commodities to very steep levels. While China's trade with Latin America has grown at an annual average of 40% since 2003, the region's economic growth rate grew to 5.5% from mid-2003 to mid-2008. China is a major market for Brazil, Chile and Peru. Latin America imports cheap machinery from China, which enables it to compete in other markets, even though it has a trade deficit with China. In industries ranging from textiles to electronics, China and Mexico are competitors in the American market. From 2000 to 2005, China's share of US clothing imports doubled to 26%, while Mexico's declined from 14% to 8%. Faced with competition from China, Brazil's shoe making and toy making industries have almost closed down. Brazil has gained faster economic growth, stronger currency, and lower inflation and interest rates, from Chinese demand for commodities. New economic links to China have aided South America to brave world recession, with relative less losses. India's trade with Latin America remains relatively modest, with Indian companies making major investments in software, pharmaceuticals, business software and natural resources.

Venezuela provides about 10% of American oil imports, and USA has been the main foreign market for Venezuelan oil. Now with reduced shipments to USA, Venezuelan oil exports to China have increased from a negligible level to about 500,000 barrels per day. China's exports to Latin America stretch over a wide range of manufactured goods, its imports are concentrated in a few commodities like crude oil, soya beans and iron ore. Soviet Union financed Cuba for almost three decades, during the cold war. Russia has been focusing on arms sales to Latin America. Between 2005 to 2008 Venezuela purchased Russian weapons worth \$4.4 billion, including 24 Sukhoi fighters. Iranian firms are manufacturing tractors and cars in Venezuela, and constructing houses for the poor. Iran is spending \$200 million on building two cement factories and three milk plants in Bolivia, besides offering a loan of \$280 million. Nicaragua has received \$ 1

billion aid from Iran. There are major Iranian investments in Ecuador's oil industry. The diversification of economic ties, is an opportunity for Latin America. The "south-south" alliances with Latin American countries and China, India, Iran, Russia and South Africa could usher in changes for free trade and a just word economic order.

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President Mahinda Rajapaksa's government in Sri Lanka suffered a jolt in the August 09 elections to the Jaffna municipal and Vavuniya urban councils. Jaffna had 2% turnout and Vavuniya had 52%. Led by government minister Douglas Devananda, the United People's Freedom Alliance (UPFA), which is well financed won 13 out of 23 seats in the Jaffna council. The pro-Tiger Tamil National Alliance (TNA) won eight seats, and came second. Nearly 300,00 people, rendered homeless by the civil war, still live in government-run camps. The UPFA won just two seats, out of eleven seats. The TNA won five seats, and will run the urban council, in coalition with the Sri Lanka Muslim Congress, which gained one seat. There is growing anger among Northern Tamils, at the government's failure to normalize their lives, after thirty years of civil strife. There are no hopes of settlement of long standing grievances, before the presidential elections in 2010. In the provincial council poll in Uva in the south east, where the mainly Sinhala province has a large population of Indian-origin Tamils, working in plantations, the UPFA won more than two-thirds of the seats, with 72%, of the vote.

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In the half-a-dozen 'Naxal-infested states in India', the Naxalities have destroyed nearly seventy mobile phone and telecom towers, during the last three and a

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